

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-256-C - ORDER NO. 2001-1053
NOVEMBER 16, 2001

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IN RE: Application of USCarrier Telecom, LLC for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Provide Resold and Facilities-)	CERTIFICATE FOR
based Interexchange Telecommunications)	LONG DISTANCE
Services within the State of South Carolina.)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of USCarrier Telecom, LLC ("USCarrier" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold and facilities-based interexchange telecommunications services within the State of South Carolina as a carrier's carrier. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2000) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed USCarrier to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of USCarrier's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on October 31, 2001, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. USCarrier was represented by Darra W. Cothran, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Mr. Robert D. Warrington, Director of Finance and Legal Affairs, USCarrier, appeared and testified in support of the Application. Mr. Warrington testified that he is responsible for all legal, regulatory and financial matters for USCarrier under the direction of the Chief Operating Officer. The record reveals that USCarrier is a Georgia limited liability company, organized as "Georgia Independent Telco Group, LLC" on June 16, 1997. Its membership consists of twenty independent local exchange companies, or affiliates of local exchange companies, nineteen of which are certificated in Georgia. The Georgia Independent Telco Group, LLC officially changed its name to USCarrier Telecom, LLC on May 26, 1999. USCarrier Telecom, LLC has no subsidiaries. USCarrier has received authorization to transact business within the State of South Carolina. Mr. Warrington testified that USCarrier began operations on a limited scale in December 1998 and is currently a wholesale provider offering interexchange and broadband services to other carriers, a carrier's carrier. USCarrier seeks to provide high speed dedicated point to point digital bandwidth services, long distance resale, and wholesale internet access services within the State of South Carolina. Mr. Warrington further stated that USCarrier will make these services available through its initial point of presence in Fairfax, South Carolina. He said the Company's initial plans call for the

resale of fiber optic capacity at the T-1, DS3, OC-3, OC-12 and OC-48 bandwidth levels to other carriers in the Southeast United States.

Upon receiving certification from the Commission, USCarrier plans to offer its services to USCarrier's member/owner companies, competitive local exchange carriers, internet service providers, wireless carriers, interexchange carriers and governmental entities. USCarrier will offer resold and facilities-based long distance services. The Company's target market will be small and medium-size carriers and other service providers. USCarrier is currently authorized to provide telecommunications services in Georgia, Florida, Alabama, and Tennessee.

Regarding the Company's technical ability to offer telecommunications services in South Carolina, Mr. Warrington testified that the Company currently has forty-two employees with the average length of telecommunications experience (excluding administrative assistants) of approximately fifteen years. He stated that the customer service department is open from 9:00 a.m. to 5:00 p.m. Monday through Friday; the toll-free number for customers to use in the event of problems is 1-877-872-2772. After hours, a customer may contact the Company by dialing 1-877-872-2774. Mr. Warrington will be the USCarrier's regulatory, financial and customer service contact person. As to the marketing of USCarrier, Mr. Worthington said his Company has a seasoned sales force which has and will continue to receive ongoing training. He said USCarrier will utilize existing relationships with many of the existing national carriers it now markets to for service needs in South Carolina. He said in addition, the Company will develop relationships with internet service providers, wireless carriers and regional carriers who

have businesses within the State of South Carolina and that most contact will be made through various trade organizations and trade shows. Mr. Warrington said the Company will have an internet site that its customers can access for route information and sales contacts. He testified that USCarrier anticipates no telemarketing efforts to support its sales efforts. Mr. Warrington acknowledged his Company's commitment to the marketing guidelines of the Federal Communications Commission (FCC) and compliance with the Commission's marketing guidelines. Mr. Warrington offered that USCarrier intends to utilize MCI WorldCom as its underlying carrier. He confirmed that USCarrier will choose its underlying carriers based upon the quality of service of the carrier properly certified by the Commission to provide such service.

As to USCarrier's managerial abilities to offer the services it proposes to offer in South Carolina, Mr. Warrington testified that USCarrier has a highly experienced group of owners, directors and managers. He said it is jointly owned by twenty independent telephone companies offering local service in Georgia and South Carolina. He noted that these companies are in the business of providing a workable telephone network on a daily basis and have decades of accumulated experience in the telecommunications field. Mr. Warrington further testified that these owner members have elected nine senior level executives from member companies to serve on the Management Committee which is equivalent to a Board of Directors. Mr. Warrington offered that the Management Committee is solely authorized to approve certain matters in accordance with USCarrier's Operating Agreement. He said the Management Committee members are currently employed in senior executive level positions by owner members and have

experience and a proven ability to manage telephone company operations and provide a quality telecommunications service product. The record reveals that Johnny Zoucks, Chief Operating Officer of Darien Telephone Company located in Darien, Georgia, serves as Chairman and President of USCarrier's Management Committee. Greg Davis, Vice President of Operations with Alma Telephone Company, Inc., serves as Vice Chairman of the Management Committee. Gordon Duff who is currently Secretary/Treasurer for Plant Telephone Company, Inc., serves as Secretary and Richard Price, representing Pineland Cellular, Inc., serves as Treasurer. The five other members of the Management Committee are William Errickson of Ringgold Telephone Company, Roger Futch of Ellijay Telephone, Wayne Dixon, employed with Progressive Rural Telephone Co-op, Inc., Larry B. Houck, currently Vice President of Wilkes Telephone Company, and James Reeves, employed by Pembroke Telephone Company. USCarrier's Chief Operating Officer is Joseph C. Hensley who manages USCarrier's daily operations. Mr. Hensley has been associated with USCarrier since its inception in 1997 and was appointed to his present position in January 2001. He previously was managing partner of a certified public accounting firm in Ellijay, Georgia. He has over twenty years of experience in a number of areas related to business, industry, government and regulated entities. The record reveals that Mr. Warrington, Manager of Tariff and Regulatory Affairs and subsequently Director of Finance and Legal Affairs, has been employed by USCarrier since August 1999. He has over twenty-five years of experience in the telecommunications industry and prior to his employment with USCarrier, was with BellCore, Inc.

In support of USCarrier's financial ability to provide the services it seeks to provide in South Carolina, Mr. Warrington testified that as of June 30, 2001, USCarrier had over \$44 million dollars in assets, \$39 million dollars of which consisted of network plant and equipment. He said total operating revenues through June equaled \$2.3 million dollars while expenses totaled more than \$8.2 resulting in a loss through the second quarter of approximately \$5.9 million dollars. According to the record, losses for 2001 are expected to be approximately \$12 million dollars. Mr. Warrington's testimony reveals that USCarrier has \$5 million dollars remaining from a \$25 million dollar loan secured through the CIT Group and is currently seeking to raise an additional \$5 million dollars in equity financing. He said in addition, the Company is in the process of raising additional capital from its members who have committed to providing additional financial support.

Mr. Warrington agreed the Company would make all the changes to USCarrier's tariff as recommended by the Commission Staff. The Company also agreed to add its email address and telephone number to each tariff page.

According to the Application and Mr. Warrington's testimony, USCarrier requests a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that USCarrier can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Atlanta, Georgia; it will keep South Carolina specific records. Mr. Warrington stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. USCarrier also requested that it be

allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to Mr. Warrington, USCarrier has never had authority denied in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority. Additionally, he said that USCarrier has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body. According to the testimony, USCarrier has not marketed its services in South Carolina prior to receiving certification. Mr. Warrington testified that the Company has not received revenues from the completion of intrastate calls in South Carolina prior to receiving certification. Additionally, he said that USCarrier has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body. Finally, Mr. Warrington testified USCarrier will abide by all the Commission's rules, regulations and Orders upon the Company receiving certification to operate as a reseller of intrastate interexchange telecommunications services in South Carolina. The Company agreed to provide the Commission with the final Tariff, a copy of its Bill Form, according to 26 S. C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976). Mr. Warrington also committed USCarrier to file the several reports required by the Commission by the designated deadlines including the Annual Report, Gross Receipts Report and the Intrastate Universal Service Fund worksheet.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. USCarrier is organized as a limited liability company under the laws of the State of Georgia and is authorized to do business as a foreign limited liability company in the State of South Carolina by the Secretary of State.
2. USCarrier operates as a facilities-based and reseller of interexchange carrier services and wishes to provide its services in South Carolina.
3. USCarrier has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to USCarrier to provide intrastate resold and facilities-based interexchange private line and resold facilities-based long distance service throughout the State of South Carolina.

2. The Commission adopts a rate design for USCarrier for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. USCarrier shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. USCarrier shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, USCarrier shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of

this Order and shall be consistent with the Commission's Rules and Regulations. Further, USCarrier shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 102-622.1 (1976) with its final Tariff.

5. USCarrier is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of long distance services, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. USCarrier shall resell the services of only those carriers authorized to do business in South Carolina by this Commission.

8. USCarrier shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations For Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the

name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. USCarrier shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, USCarrier shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application and testimony at the hearing, USCarrier requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters in Georgia. The Commission also grants USCarrier the opportunity to keep its books and records in accordance with GAAP rather than the USOA.

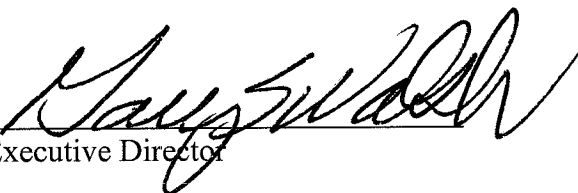
12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)